

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, October 7, 1999, 10:00 a.m.

Utah County Commission Chambers
100 East Center #2300, Provo, UT

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10:00	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of September 2, 1999 Minutes	Gary Herbert
	Drafted Rent Options	Brent Gardner Brett Rich
	Broker's Report	John Chino
	Third Quarter Broker Evaluation	Brett Rich
	Loss Control Manager's Report	Shawn Guzman
	Discussion of 2000 Member Coverage Agreement	Brett Rich
12:00	Lunch	
	Director's Report	Brett Rich
	November Membership Meeting Agenda	Brett Rich
	Summary of Financial Statements	Brett Rich
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual	
	Other Business	Gary Herbert
2:00	Adjourn	

UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UACIM BOARD OF TRUSTEES MEETING MINUTES

October 7, 1999, 10:00 a.m.
Utah County Commission Office
100 East Center #2300, Provo, UT

BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner
Dan McConkie, *Secretary-Treasurer*, Davis County Commissioner
Chad Johnson, Beaver County Commissioner
Tex Olsen, Sevier County Commissioner
Kent Petersen, Emery County Commissioner
Sarah Ann Skanchy, Cache County Council Member
Kent Sundberg, Utah County Deputy Attorney

BOARD MEMBERS ABSENT

Jerry Hess, *Vice President*, Davis County Deputy Attorney
Tony Dearden, Millard County Commissioner
Royal Norman, Box Elder County Commissioner
Ed Phillips, Millard County Sheriff

OTHERS PRESENT

Brent Gardner, UAC Executive Director
Brett Rich, Director, UACIM
Shawn Guzman, Loss Control Manager, UACIM
Sonya White, UACIM Administrative Assistant
John Chino, GRMS Account Executive

CALL to ORDER

Gary Herbert requested that Dan McConkie chair this meeting until his arrival. Dan called the meeting to order and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

Jerry Hess (vacationing with family), Tony Dearden (prior meeting commitment) and Royal Norman (illness) requested to be excused from this meeting. Tex Olsen made a motion to excuse these Board Members from this meeting. Chad Johnson seconded the motion, which passed unanimously. Ed Phillips had not contacted UACIM staff as to why he was unable to attend today.

APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held September 2, 1999 were previously sent to the Board Members for review. Kent Petersen made a motion to approve the minutes as written. Kent Sundberg seconded the motion, which passed unanimously.

DRAFTED RENT OPTIONS

Brent Gardner reported that the attorney for the Utah Association of Counties (UAC), Bill Peters, is in the process of reviewing the Administrative Agreement between UAC and UAC Insurance Mutual, therefore he is not prepared at this time to present options to the Board. Kent Petersen made a motion appointing a Committee to draft the rent options consisting of the UAC Executive Board (Kristine Frischknecht, Mark Altom, Dave Bateman and Sharon Walters), the UACIM Executive Board (Gary Herbert, Jerry Hess and Dan McConkie) and Tex Olsen. Chad Johnson seconded the motion, which passed unanimously.

BROKER'S REPORT

John Chino reported that the property carrier for UAC Insurance Mutual, Reliance, is not managing a member claim that has exceeded the self-insured retention in the manner contracted by UACIM, therefore, the brokers are going to market to replace Reliance. This is a critical time because the brokers have just completed the bidding process for the 2000 program with Reliance. The Board ratified the decision to market the property reinsurance and directed Brett Rich and John to utilize the "Pay on Behalf" clause in the Reliance contract.

THIRD QUARTER BROKER EVALUATION

Brett Rich reviewed the Performance Standards set forth for Arthur J. Gallagher & Company. Brett reported that John Chino and Rich Stokluska have met and/or exceeded all the standards that apply for this time of year. Sarah Ann Skanchy made a motion approving payment for the third quarter broker evaluation. Chad Johnson seconded the motion, which passed unanimously.

LOSS CONTROL MANAGERS REPORT

Shawn Guzman reviewed his written report with the Board (see attachment #1). He explained that the property reinsurance carrier, Reliance, has been sending out inspectors to each county to look at pre-selected county owned facilities. A copy of the inspection reports will be sent to the county insurance coordinator and to UACIM. At their September meeting, the Advisory Committee requested that Shawn send a copy of the report to the commission/council chair.

The UACIM Personnel Committee met on September 17 and reviewed the outcome of the 1999 Workshop. The expense to conduct the Workshop was approximately \$3000 more than revenue generated by fees. The Board suggested that the \$25 fee be raised (continue to offer discount for counties sending three or more to attend) and that dinner and entertainment prior to the workshop could be eliminated. The Board is willing to send a letter to the commissioners/council members promoting attendance at the workshop. Shawn will take these suggestions to the Committee for consideration. The site for the 2000 Workshop is yet to be determined.

Shawn explained that a state employee was in an accident while using a county vehicle. The county's accident review board could only caution the driver because he was not a county employee. Kent Sundberg stated that Utah County uses an interlocal agreement wherein state employees cannot use county vehicles without indemnifying the county. Shawn will review the interlocal agreement and formalize a policy for the use of county owned vehicles. Shawn noted that only five member counties are submitting copies of their accident review board reports to UACIM. Utah County also submits a copy of the report to their commissioners—Shawn will suggest that this be a practice in the other counties as well.

DISCUSSION of 2000 MEMBER COVERAGE AGREEMENT

Brett reported that his review of the Coverage Agreement has resulted in several recommended changes that he reviewed with the Board (see attachment #2). One of the main revisions is to add language to clarify that the \$25,000 defense limit for claims alleging inverse condemnation shall be eroded by the costs of defending all other claims and allegations contained in the same suit or arising out of the same occurrence (see page 47 of the Coverage Agreement). The Board directed Brett to finalize the recommended changes to the Coverage Agreement for approval at the next Board meeting.

DIRECTORS REPORT

Brett Rich reported that the Advisory Committee met on September 15 and was presented with the automobile loss information and recommended policy changes. The Committee was concerned that smaller counties may not have the needed workforce available if a driver such as a law enforcement officer were to be excluded from coverage under the recommended changes. The Committee recommended that if the Board approves the proposed changes then UACIM should have a program in place to cover high-risk drivers. John Chino reported to the Board that Hartford Insurance Company is willing to write drivers excluded from the UACIM loss fund. Tex Olsen made a motion to add the following conditions to the *Coverage Agreement*: 1) Require a DMV report on all county officials, employees and volunteers who are likely to drive an auto in the scope of county employment, 2) Exclude all drivers with a DUI or alcohol related recklessness violation in the past three years, 3) Exclude drivers with two or more at-fault or single vehicle accidents in the past three years, or three accidents overall, 4) Exclude all drivers with more than 180 points on DMV and 5) Require all county drivers to complete a driver-training course every two years. Dan McConkie seconded the motion, which passed unanimously. Dan McConkie made a motion directing Brett and John to finalize a program to cover high-risk drivers that may be excluded from the UACIM loss fund. Kent Petersen seconded the motion, which passed unanimously.

Brett presented the Board with the September loss data that was sent via electronic mail from the new Pyramid System. He demonstrated the many ways the data could be sorted and displayed as well as used to create graphs. This information is a great tool for Shawn Guzman as he visits the members. Eventually the system will submit the monthly loss data to the members in this format.

Brett discussed investment options with the Board. All monies are kept with the Public Treasurer's Investment Fund (PTIF) with an average return rate of only 5%. There are several companies throughout the valley that handle investments for public entities. The Board agreed that it would be wise to diversify the investments and directed Brett to research the options and present them to the Board at a future meeting.

Brett reported that Wasatch County is going to retain their membership with UACIM although another company gave a lower quote. Brett was able to assist the Commission in identifying the differences between the UACIM proposal and the low bidder's proposal, such as higher deductibles, lower limits and many exclusions of coverage that are covered by UACIM. Brett has scheduled a meeting with the Commission to further discuss the premium difference.

NOVEMBER MEMBERSHIP MEETING AGENDA

The Board determined the items that will be discussed at the November 17 Membership Meeting and made presenter assignments (see attachment #3).

SUMMARY of FINANCIAL STATEMENTS

Brett Rich reviewed the August financial statements with the Board. The *Statement of Admitted Assets, Liabilities and Surplus*, page three, shows a decrease under admitted assets of \$248,603, a decrease of \$357,657 under liabilities and an increase of \$109,054 under surplus from last month. The *Statement of Income*, page four, shows an increase in the net income of \$82,652 from last month. The *Statement of Changes in Surplus*, page five, shows an increase of surplus in the amount of \$109,054 from last month. The *Surplus Notes* breakdown, page nine, principal is at \$589,899, unpaid interest is at \$15,337 for a total of \$605,236.

SET DATE and TIME for CLOSED MEETING

Sarah Ann Skanchy made a motion to set the date and time for a closed meeting to begin at 1:45 p.m. on October 7, 1999, to discuss pending or reasonably imminent litigation. Kent Sundberg seconded the motion, which passed unanimously.

Sarah Ann Skanchy made a motion to conclude the closed meeting at 2:10 p.m. October 7, 1999. Chad Johnson seconded the motion, which passed unanimously.

ACTION on LITIGATION MATTERS

Kent Sundberg made a motion authorizing settlement authority up to an amount of \$30,000 on claim number 801DUC978680. Tex Olsen seconded the motion, which passed unanimously.

Kent Sundberg made a motion authorizing an increase in settlement authority up to an amount of \$110,000 on claim number 801BOX955001. Sarah Ann Skanchy seconded the motion, which passed unanimously.

SET DATE and TIME for CLOSED MEETING

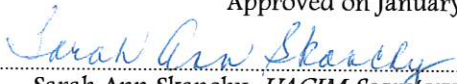
Chad Johnson made a motion to set the date and time for a closed meeting to begin at 2:10 p.m. on October 7, 1999, to discuss the character, professional competence, or physical or mental health of an individual. Sarah Ann Skanchy seconded the motion, which passed unanimously.

Sarah Ann Skanchy made a motion to conclude the closed meeting at 2:35 p.m. on October 7, 1999. Chad Johnson seconded the motion, which passed unanimously.

OTHER BUSINESS

The next meeting of the Board of Trustees will be held on Wednesday, November 17, 1999 at 3:00 p.m. at the Dixie Convention Center in St. George. The December Board meeting will be held on the 3rd at 1:00 p.m. at the Utah Association of Counties building.

Approved on January 28, 2000


Sarah Ann Skanchy, UACIM Secretary-Treasurer
Cache County Council Member



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

5397 South Vine Street
Salt Lake City, UT 84107
(801)265-1331 Fax (801)265-9485

Loss Control Report

October 7, 1999

Reliance Insurance Inspections

Reliance Insurance has been sending inspectors out to each county to look at selected buildings. I have been present at some of these inspections. They are looking mainly for safety and maintenance problems. I have given reliance the names of each of the insurance coordinators for the counties. A few have been reluctant to allow the inspectors in, so I have sent faxes to the counties when requested to do so, asking for their cooperation with the inspectors.

Reliance will send copies of the inspections to UACIM and the counties.

Personnel Committee:

1. The UACIM Personnel Committee met on September 17th and reviewed the survey results from the 1999 workshop. Shawn reviewed the cost of the workshop with the committee. It was reported that the '99 workshop cost approximately \$3000 more than the revenue generated by fees. The committee discussed the balancing of fees charged versus the lower attendance that would result if the fees were raised. The committee determined that the benefit of having more county employees attend outweighed the cost of the workshop. Shawn reported that the food was the biggest expense. It was suggested that perhaps one meal could be eliminated, with attendees purchasing their own meal. It was also suggested that the one of the meals could be a brown bag type of lunch. Fees for the 2000 workshop will be discussed after the site for the workshop is selected.
2. The location of the 2000 workshop was discussed. Possible locations discussed were Cedar City, Brian Head, Ruby's Inn, Provo, Richfield & Moab. It was decided that David Yardley would find out if the Hunter Center or the Smith Center were available on the SUU campus and that he would inquire about Brian Head as well. Shawn would find out about Ruby's Inn, Provo, and Richfield.

3. Attendance was discussed. The committee felt that a workshop that began at 1:00 on day one and concluded the same time the next day would be more attractive to those who have to travel long distances to the workshop. It was mentioned that perhaps prizes or a drawing would encourage people to stay. It was also suggested that perhaps each county could bring a prize representative of their county. The dates for the workshop were tentatively set for May 11th & 12th.
4. Brett Rich and Shawn discussed the proposed changes to the UACIM policy regarding county drivers.
5. The committee also discussed working with UAC to review legislation for 2000.
6. The committee discussed providing personnel training for county commissioners. This came as a result of the meeting of the UACIM Advisory Committee in Vernal where several commissioners expressed a desire for some training. The personnel committee has been looking for an opportunity to conduct this type of training for some time. Brent Gardner has suggested several options which I will discuss with the committee.

Supervisor Training

Two supervisor training workshops based on materials presented by Jay Francis Valerga at the 1999 Personnel Workshop were conducted Duchesne and Grand Counties. I have received positive feedback on the training. The materials are also available for use for a \$25 fee.

Jail Commanders

I met with the Utah Jail Commanders in St. George on the Sunday prior to the Utah Sheriff's Association annual meeting. The commanders made final changes to the grievance policy and also discussed ways to educate the county attorneys on corrections law.

The commanders suggested that the commanders sponsor training at the SWAP meetings. They felt that their attorneys often did not understand corrections law and therefore are not able to advise them, or were reluctant to enforce some legally valid policies and procedures at the jail. They asked me to speak with the USA and SWAP. This is an excellent idea, as few attorneys attend the corrections training at the USA annual meeting.

Defensive Driving Course

The next DDC is scheduled for October 27 in Duchesne County. I had the opportunity to visit with Brad Heffron, Risk Control Account Executive for Reliance Insurance regarding driver policies. He gave me some model policies and forms. There are some

good ideas in the policy. I will bring samples to the Board after I have had a chance to review the materials. Brad also suggested that I might want to use the "Coaching the Experienced Driver" course. It is two hours in length (vs. four for the DDC) and is not as tedious for those attending. The downside is that there is no fifty point reduction offered for the two hour course. I am considering offering both, with the four hour course reserved for new employees or employees who have had accidents in the last three years.

Duchesne Jail

I have been working with Sheriff Stansfield to correct some personnel problems at the jail. I have also met with the commission chair regarding the problems. Gary DeLand of the USA has agreed to help with employee training.

The problems at the jail highlight the difficulties of moving from a small facility to a large one. Beaver County is probably the best example of how to make that transition. I hope to get Lt. Ewart's help with Duchesne, as well as speak with Than Cooper in Garfield about getting policies and training in place to ease the transition into their new facility.

Utah Sheriffs' Association Annual Meeting

Brett and I attended the annual meeting in St. George in September. The USA moved the meeting to September when the weather would be better for outdoor activities. UACIM helped sponsor the event, and we were recognized prominently on the meeting agenda. USA asked that I pass along their appreciation for our support. Both the law enforcement and corrections training were excellent, and well worth our support.

UACIM Advisory Committee

Brett will discuss the meeting in Vernal in more detail, but one aspect of the meeting that I found encouraging was the interest of the commissioners on reducing auto claims. It appears that the insurance contacts may not be passing along information regarding claims and UACIM programs to the commissioners.

I propose that UACIM conduct "county visits" with the commission to explain the program and enlist their help in encouraging the insurance contacts to work with us to implement the policies.

COVERAGE AGREEMENT REVIEW
October 1, 1999

Page #

- 2 Add pollutants contamination to property coverage
- 3 Verify the limits for POL. The Agreement and the summary both say \$2,250, but Rich and JoAnn say the reinsurance is \$1,000,000.
- 11 Exclusion 3 should better describe and include medical malpractice and describe what operations of a clinic may be covered.
Exclusion 5 appears to also be excluded in the Liability Exclusions I. on page 43.
Exclusion 6 should be moved to the GL section and changed as follows:
Any liability arising out of the operation of the principals of eminent domain, condemnation proceedings or claims, inverse condemnation claims, or regulatory taking by whatever name called, whether that liability accrues directly against the Insured or by virtue of any agreement entered into, by or on behalf of the Member. Claims alleging civil rights, or statutory violations arising out of any of the listed proceedings are also excluded.
The \$25,000 defense should be added to the POL section only and should clarify that such defense limits shall be eroded by the costs of defending other claims included in the same suit or arising from the same occurrence.
- 12 Exclusion 12 should not be included in the General Exclusions because those owned by third parties will be covered at times in the liability section. This exclusion should therefore be moved to the property exclusions.
- 15 The definition of "Claims" should end with the first sentence. Everything else in that definition should be included in conditions or elsewhere.

"Employment Related Practices" is not in alphabetical order and should also make clear that the civil rights and discrimination must be related to the employment of a person with the county.
- 16 Review the definition of "Hired Auto".
Is the action of a deputy involved in a traffic accident, (not a pursuit or similar activity), while on duty, included in the definition of "Law Enforcement Activity"?

"Law Enforcement Personal Injury" should probably be amended as follows: "... means injury, other than 'Bodily Injury', arising out of Law Enforcement Activity and one or more of the following offenses: . . . "

17 In the definition of Member, Endorsement I should be changed to Endorsement 1.

The definition of "Occurrence" should also include bodily injury.

20 In I. C. capitalize and bold the term money.

21 2. should be amended to include: "Except as provided in subsection 3., . . . " The following should be added as Subsection 3. "A Member may provide for the increased value of a historical building, but only by completing the following steps prior to loss:

- a. provide written notice of the intention to cover the property for restoration cost instead of replacement cost;
- b. include a proper description of the building and the desired limits of coverage for the property; and
- c. an appraisal supporting the reported value.

Does F. provide coverage for the intentional destruction of property during a Law Enforcement Activity?

30 7. money should be a defined term.

31 d. id.

34 2. e. id.

36 H. Is there a limit on Unnamed Locations or other conditions?

38 Why is COVERED INSTRUMENTS all caps?

42 In the definition of "Suit", language should be added to clarify that consent must include agreement to pay the defense.

43 I. should be coordinated with General Exclusion #5 on page 11. Also, eliminate the last sentence which is dealt with in the POL section.

44 K. eliminate ". . . other than an employment contract." Those claims should fall under the POL section.

N. add language from General exclusion 6.

IV. A. 2. The term Insured should be changed to Member.

IV. B. Eliminate the phrase ". . . with approval of the Insured" to clarify the authority of the Mutual to appoint.

46 Add endorsement language in the first paragraph to clarify claims made coverage.

II. A. & C. change "them" to "an insured".

47 I. Coordinate with other exclusions and add language to clarify that the \$25,000 defense limit shall be eroded by the costs of defending all other claims and allegations contained in the same suit or arising out the same occurrence.

L. should more explicitly describe "implied-in-fact employment contract".

48 The first paragraph indicated that the claim must both occur during the coverage period and also that claim be made during the coverage period. The language here should be consistent with the occurrence form.

II. C. the last word should be "or", instead of "and", because not all of the heading must be applicable to be covered.

AFFIDAVIT OF GARY R. HERBERT

STATE OF UTAH)
COUNTY OF UTAH)
~~SALT LAKE~~ :ss

Gary R. Herbert, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.

2. That the Affiant, on or about the 7th day of October, 1999, presided over a meeting of the Utah Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.

3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.

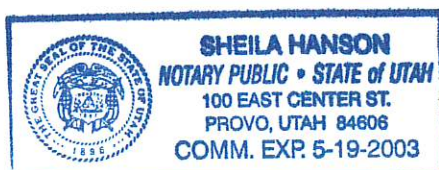
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

FURTHER, Affiant saith not.

DATED this 7th day of October, 1999.

Gary R. Herbert
GARY R. HERBERT, President
Utah Association of Counties Insurance Mutual

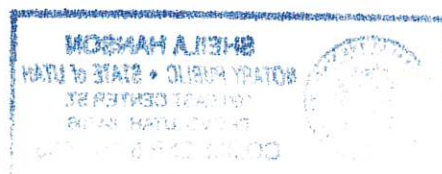
On the 7th day of October 1999, personally appeared before me Gary R. Herbert, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.



Sheila Hanson
NOTARY PUBLIC

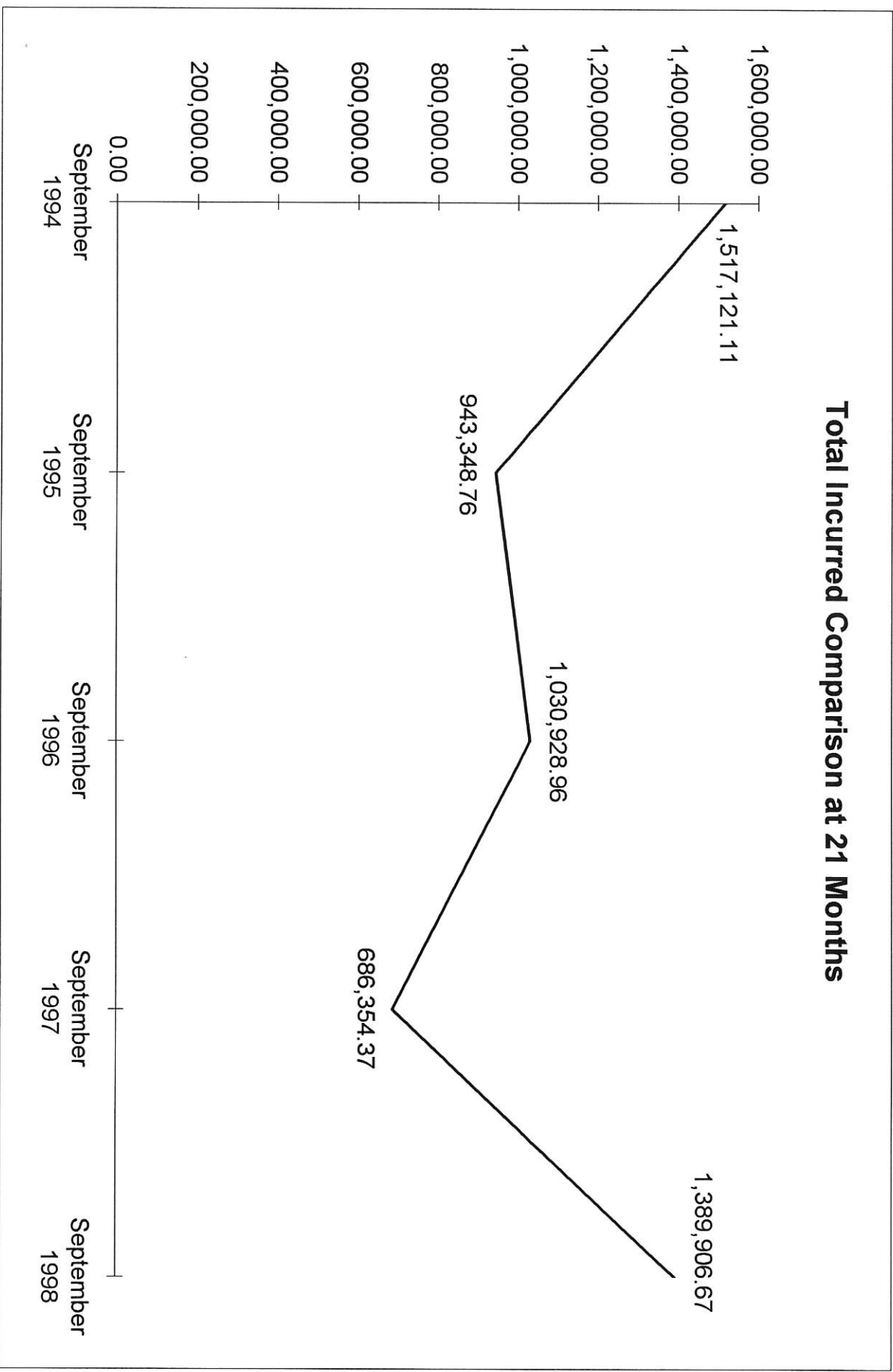
Residing at: Provo, Utah

My Commission Expires: 5-19-03



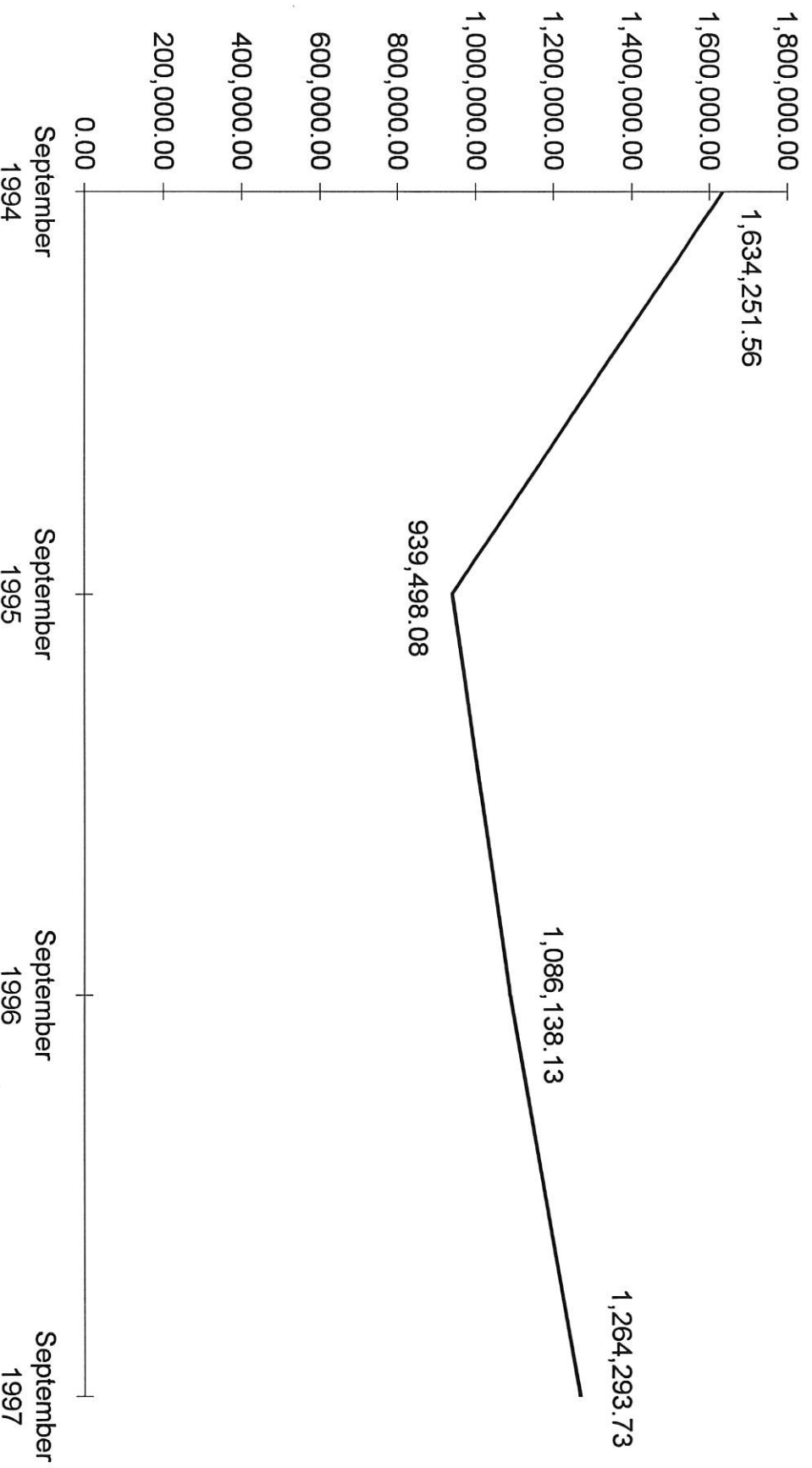
UAC Insurance Mutual

Total Incurred Comparison at 21 Months



UAC Insurance Mutual

Total Incurred Comparison at 33 Months



UAC INSURANCE MUTUAL

Membership Meeting

November 17, 1999, 4:00 p.m.

Dixie Convention Center, Ballroom C, St. George, UT

A G E N D A

4:00	Call to Order & Member Roll Call	Gary Herbert	5
	Approval of April 1999, Minutes	Gary Herbert	5
	2000 Board of Directors Nominations & Elections	Gary Herbert	10
	2000 Budget and Member Contribution	Dan McConkie	10
	Taxpayer Reasons to Support UACIM	Brett Rich	10
	Coverage Agreement Modifications	John Chino Rich Stokluska	15
	Auto Policy Changes	Brett Rich	10
	Loss Control Manager's Report	Shawn Guzman	10
	Committee Reports		
	1. Advisory Committee	Kay Blackwell	
	2. Audit Committee	Jerry Hess	
	3. Law Enforcement Committee	Ed Phillips	25
	4. Litigation Management Committee	Kent Sundberg	
	5. Personnel Committee	Steve Baker	
	Claims Administration Report	Curt Hamby	15
	Presentation of Member Awards	Jerry Hess	5
	Election Results	Gary Herbert	5
	Other Business	Gary Herbert	
6:00	Dinner with Partner	Ballroom D	

